

Study Guide Score. . . 40 Name _____

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CHAPTER 22

The Informed Consumer

STUDY GUIDE

PART I

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

	TRUE	FALSE	For Scoring
1. You can raise your standard of living by wisely spending the money you earn.	_____	_____	1. _____
2. Opportunity cost is the value of what must be given up to buy something else.	_____	_____	2. _____
3. <i>Consumer's Digest</i> is a magazine published for profit that endorses products after the products have been tested.	_____	_____	3. _____
4. Before you buy a product, an effective consumer practice is to ask, "Do you really need this item now or can you wait a while?"	_____	_____	4. _____
5. Labels are sources of product information.	_____	_____	5. _____
6. Underwriters Laboratories, Inc., tests food products for purity.	_____	_____	6. _____
7. Radio and television stations provide consumer information.	_____	_____	7. _____
8. When you are buying an expensive item, an expert can help you learn which features to look for in a product.	_____	_____	8. _____
9. Better Business Bureaus give product ratings and indicate where prices are lowest for particular items.	_____	_____	9. _____
10. The Consumer Information Center serves as the federal government's headquarters for consumer information.	_____	_____	10. _____
11. The AHAM provides consumer information on food and farm and home-related topics.	_____	_____	11. _____
12. Few people are really consumers.	_____	_____	12. _____
13. A consumer is a person, business, or government that sells goods.	_____	_____	13. _____
14. A consumer can buy services.	_____	_____	14. _____
15. Businesses try hard to attract and keep customers.	_____	_____	15. _____

PART II

Directions: Complete each statement below by filling in the blank with the proper word or phrase.

- | | |
|--|----------------------|
| 1. _____ is a popular source of consumer information. | For
Scoring |
| 2. Advertising's main purpose is to convince you to buy a _____ or a _____ | 1. _____
2. _____ |

3. _____ tell what the product is, how
it is made, and what it will do.
4. Studying advertisements can help you compare a product with a number of
products.
5. Advertising should be used with _____ as a source of consumer information..
6. _____ advertising is one of the most effective sources of consumer
information.
7. Three basic types of consumer information organizations are
.....
8. Sometimes it is wise to get advice from an expert or _____ before
purchasing a product.
9. You can call the _____ to find out what experiences other
people have had with a particular business.
10. Better Business Bureaus are supported by dues paid by member ..

For
Scoring

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PART III

Directions: Listed below are a number of statements taken from product labels and advertisements. Indicate whether or not each statement contains information helpful to a consumer by placing a check mark on the line under *yes* or *no* at the right.

	YES	NO	For Scoring
1. Made with pure silk.	_____	_____	1.
2. The biggest burger.	_____	_____	2.
3. Contains a newly developed ingredient no other company has.	_____	_____	3.
4. Die-cast aluminum alloy frame parts; greater strength than steel.	_____	_____	4.
5. Contains 50 percent recycled products.	_____	_____	5.
6. Guaranteed not to shrink more than 1 percent.	_____	_____	6.
7. An exciting new product designed especially for you.	_____	_____	7.
8. Contents, 8 1/2 oz.	_____	_____	8.
9. Baked enamel finish.	_____	_____	9.
10. It costs no more to buy the best.	_____	_____	10.
11. No larger than the palm of your hand; weighs a mere 3 ounces.	_____	_____	11.
12. Make sure your home has a Burner Heater; none better.	_____	_____	12.
13. A 100 percent all-wool worsted suit.	_____	_____	13.
14. Will make your car the envy of your friends.	_____	_____	14.
15. Contains 60 percent polyester and 40 percent cotton.	_____	_____	15.

ACTIVITIES**Applying Business Knowledge**

Directions: Answers to the following questions are found either horizontally, diagonally, or vertically on the letter-filled grid that follows. Write the answer to each question in the column at the right and then circle it on the grid.

1. What does the AHAM test? _____
2. What is one magazine that reports on investments? _____
3. For what product might you commonly find a specialty magazine? _____
4. What agency grades food products (use the abbreviation)? _____
5. What indicates the quality or size of a product? _____
6. What is an independent organization supported by businesses (use the abbreviation)? _____
7. What provides written information about a product and is attached to the product? _____
8. What is an individual who buys goods and services called? _____



Applying Critical Thinking Skills

Several kinds of product information for consumers can be found on a product or its container. Information about certain products is often conveyed to the consumer primarily by brand name. Labels often describe the contents or special characteristics of the product. Seals are displayed on many products to give the purchaser additional assurances of quality. The first column below lists product information which could be found in a product name, on a label, or on a seal. For each piece of information in the lefthand column, place a check mark in the proper column at the right to indicate whether the information would be found in a product name, on a label, or on a seal.

INFORMATION	PRODUCT NAME	LABEL	SEAL
1. brand of camera	_____	_____	_____
2. all wool	_____	_____	_____
3. approved by AHAM	_____	_____	_____
4. name of soap	_____	_____	_____
5. copper alloy	_____	_____	_____
6. recommended by <i>Parents Magazine</i>	_____	_____	_____
7. brand of bicycle	_____	_____	_____
8. 36" waist	_____	_____	_____
9. wash in cold water	_____	_____	_____
10. tested and approved by Underwriters Laboratories, Inc.	_____	_____	_____

Applying Resources

As you learned in this chapter, businesses provide consumers with a great deal of product information. One way they supply information is through catalogs, which list and describe their products. Look through at least one catalog and select five products. In the space below, list the five products; for each product, list three facts the catalog provides.

Product 1: _____

Facts: _____

Product 2: _____

Facts: _____

Name _____

Product 3: _____

Facts: _____

Product 4: _____

Facts: _____

Product 5: _____

Facts: _____

C

C

C

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CHAPTER 23

Consumer Buying Decisions

STUDY GUIDE

PART I

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

	TRUE	FALSE	For Scoring
1. Comparison shopping means the consumer compares price, quality, and services associated with one product with those of another product.	_____	_____	1. _____
2. A price index allows consumers to compare prices of similar goods.	_____	_____	2. _____
3. Specialty stores base their success on a high volume of sales and low prices.	_____	_____	3. _____
4. Gathering information ahead of time hampers shopping efficiency.	_____	_____	4. _____
5. Sometimes poor quality goods can turn out to be more expensive than high quality goods.	_____	_____	5. _____
6. A shopping list does little to help avoid impulse buying.	_____	_____	6. _____
7. Wise consumers compare prices among stores.	_____	_____	7. _____
8. The consumer can usually expect uniform quality among goods of the same brand even if the goods are purchased in different stores.	_____	_____	8. _____
9. If a business has a good reputation, you can usually rely on its salespeople to help you make wise choices.	_____	_____	9. _____
10. Using a telephone to see if a business has the product you want is an efficient shopping practice.	_____	_____	10. _____
11. Since time is precious, you should make every purchase as quickly as possible.	_____	_____	11. _____
12. Retailers use promotional sales to clear merchandise that the stores no longer wish to carry in stock.	_____	_____	12. _____
13. Brand names that are exclusive to one store are called national brands.	_____	_____	13. _____
14. Discount stores emphasize lower prices on their products.	_____	_____	14. _____
15. Factory outlet stores sell products that are direct from the factory and sometimes have minor flaws.	_____	_____	15. _____

PART II

Directions: Indicate your answer by placing the letter of the term in the line to the right of its definition.

- | | |
|--------------------------|-------------------------|
| A. brand name | I. price index |
| B. unit price | J. Consumer Price Index |
| C. promotional sales | K. comparison shopping |
| D. clearance sales | L. impulse buying |
| E. full-service stores | M. supermarket |
| F. factory outlet stores | N. specialty stores |
| G. warehouse markets | O. discount stores |
| H. convenience stores | |

	Answer	For Scoring
1. Sales used to clear merchandise that stores no longer wish to carry in stock.	_____	1. _____
2. Stores that offer a wide variety of goods and emphasize customer service.	_____	2. _____
3. A large, full-service food retailer that carries a wide variety of national, store, and generic brands at moderate prices.	_____	3. _____
4. Stores selling products that sometimes have minor flaws at low prices. ...	_____	4. _____
5. Price per unit of measure.	_____	5. _____
6. Sales in which businesses promote the sale of regular merchandise by making temporary price reductions.	_____	6. _____
7. Large stores that sell large quantities of goods at low prices.	_____	7. _____
8. No-frills food outlet emphasizing the sale of large quantities of items at reasonable prices.	_____	8. _____
9. Series of figures showing how prices have changed over a period of years.	_____	9. _____
10. Shows the changes in the average prices of goods and services bought by consumers over a period of time.	_____	10. _____
11. Comparing the price, quality, and services associated with one product with those of another product.	_____	11. _____
12. A name given to a product or service that is intended to distinguish it from other similar and/or competitive products or services.	_____	12. _____
13. Stores that have a special line of products for sale.	_____	13. _____
14. Stores that emphasize the sale of food items, an accessible location, and long operating hours.	_____	14. _____
15. Buying too rapidly without much thought.	_____	15. _____

ACTIVITIES

Applying Resources

Stores that sell goods are organized in a variety of ways, based on unique characteristics. Some stores buy in large volumes and sell at low prices. Other stores purchase unique items and sell them at high prices. In your community or in nearby communities, full-service, discount, specialty, supermarket, and convenience stores are available for your shopping convenience. List examples of each type of store in the chart below.

TYPE OF STORE	EXAMPLES
Full-service	_____
Discount	_____
Specialty	_____
Supermarket	_____
Convenience	_____

Applying Critical Thinking Skills

The word "sale" may be the most popular word used by retail and service businesses to attract customers. It is especially prominent in newspaper advertisements. Cut out six ads from past issues of your local newspaper that include the word "sale" and paste or tape them onto the spaces provided here. Below each ad, write what you interpret as the level of authenticity of the word "sale" in each ad and define what type of sale (promotional, clearance, or special-purchase) the business is promoting.

1. The word "sale" in this ad....

2. The word "sale" in this ad....

3. The word "sale" in this ad....

4. The word "sale" in this ad....

5. The word "sale" in this ad....

6. The word "sale" in this ad....

Applying Information Skills

Many products are so widely advertised by brands that we immediately associate the brand name with the product. Sometimes the brand name becomes so commonplace that the word is added to the dictionary as a standard word, no longer needing to be capitalized as it was for the brand designation. Brand advertising helps to bring this about.

Column 1 lists products. In Column 2, write the brand name that first comes to your mind when you read the name of each product. The first item is given as an example.

COLUMN 1	COLUMN 2
0. facial tissues	0. <i>Kleenex</i>
1. photocopier	1. _____
2. refrigerator	2. _____
3. transparent tape	3. _____
4. cola drink	4. _____
5. flavored gelatin	5. _____

Applying Thinking Skills

You learned that a product of the highest quality may not always be the best product for you to buy. For example, if you plan to use a product only a few times, you might be better off choosing an inexpensive item of less than top quality. On the following form, list four lesser-quality products that you might buy and explain why. The first item is given as a sample.

PRODUCT	REASON FOR CHOOSING LESSER QUALITY
0. <i>Winter coat</i>	<i>You are living in Florida and need it for a single January trip to Minnesota.</i>
1. _____	_____ _____ _____ _____
2. _____	_____ _____ _____ _____ _____
3. _____	_____ _____ _____ _____ _____

Name _____

Applying Business Knowledge

Comparison shopping does not always require traveling from business to business. It can be accomplished by using catalogs, the newspaper, advertising circulars, or the Yellow Pages. For this activity, you should compare the prices from three different sources for four different products. The first item is given as a sample.

PRODUCT	SOURCE 1	SOURCE 2	SOURCE 3
0. <i>Side-by-side refrigerator-freezer</i>	<i>Newspaper ad, \$699</i>	<i>Mail-order catalog, \$895</i>	<i>Discount store circular, \$749</i>
1.			
2.			
3.			
4.			

C

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CHAPTER 24

Consumer Rights and Responsibilities

STUDY GUIDE

PART I

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

	TRUE	FALSE	For Scoring
1. The consumer movement started when consumers joined together to demand fair treatment from business.	_____	_____	1. _____
2. Consumers have a right to be protected from goods and services that are hazardous to health and life.	_____	_____	2. _____
3. The Consumer Product Safety Commission makes certain that food, drug, and cosmetic products are not harmful to consumers.	_____	_____	3. _____
4. You have the right to expect accurate product information.	_____	_____	4. _____
5. The Office of Consumer Affairs usually refers consumer problems to other appropriate agencies and uses complaints from consumers to promote legislation.	_____	_____	5. _____
6. A monopoly is when a business has many competitors and limited control in the market.	_____	_____	6. _____
7. The seller should be blamed for an unsatisfactory purchase you have made when the product was adequately described on the label that you did not read.	_____	_____	7. _____
8. Shoplifting usually results in higher prices for everyone.	_____	_____	8. _____
9. Guarantees cover damages caused by misuse.	_____	_____	9. _____
10. Many trade associations establish standards of quality for the products that their members manufacture.	_____	_____	10. _____
11. All guarantees are written.	_____	_____	11. _____
12. The best way to get results when a product you have bought is unsatisfactory is to take it back to the store and yell at the sales clerk.	_____	_____	12. _____
13. The consumer's right to service suggests that consumers can expect convenience, courtesy, and responsiveness to consumer problems.	_____	_____	13. _____
14. Your only goal in reporting the unethical business practices you encounter while making business transactions should be to get your money back.	_____	_____	14. _____
15. At the state level, the Office of the Attorney General and the Department of Consumer Affairs have some responsibility for protecting rights of consumers.	_____	_____	15. _____
16. The statement "This candle will burn for more than 100 hours" is an example of a guarantee.	_____	_____	16. _____

			For Scoring
17. Removing a price tag from a low-priced package of meat and putting it on a higher-priced package in order to pay less is as dishonest as shoplifting.	_____	_____	17. _____
18. Most businesses have a customer service department to hear the concerns or complaints of customers.	_____	_____	18. _____
19. The Better Business Bureau is chiefly concerned with problems arising from false advertising or misrepresented products and services.	_____	_____	19. _____
20. Consumers are aware that their product decisions affect their lifestyles but do not have economic implications.	_____	_____	20. _____

PART II

Directions: In the column on the right, write the initials of the government agency that would be most concerned with the following consumer problems.

PROBLEM	AGENCY	For Scoring
1. A perfume that caused a serious rash when worn.	_____	1. _____
2. A firm using unfair practices to run others out of business.	_____	2. _____
3. A low-quality meat advertised and sold as "prime."	_____	3. _____
4. A lawn mower that flings rocks as it mows.	_____	4. _____
5. A need to coordinate two federal agencies to achieve a solution to a consumer problem.	_____	5. _____

PART III

Directions: Indicate your answer by placing the letter of the term on the line to the right of its definition.

- | | |
|----------------------|-----------------------|
| A. consumer movement | D. guarantee |
| B. fraud | E. express warranties |
| C. trade association | F. implied warranties |

	ANSWER	For Scoring
1. Situation that occurs when inaccurate information is given to a customer to make a sale.	_____	1. _____
2. Association made up of businesses engaged in the same type of business.	_____	2. _____
3. Consumers working together to demand fair treatment from businesses.	_____	3. _____
4. Guarantees that are not written.	_____	4. _____
5. Promise by the manufacturer or dealer that a product is of a certain quality.	_____	5. _____
6. A guarantee made orally or in writing that promises a specific quality of performance.	_____	6. _____

ACTIVITIES

Applying Business Knowledge

You have learned that consumers have six basic rights. In this activity, six situations will be briefly described in which one of these rights is violated. In the column on the right, identify which right was violated.

- | | |
|---|-------|
| 1. Without convening a citizen advisory panel, the federal government enacts a law dealing with the use of our national parks. | _____ |
| 2. Only one brand of cars is available in a city. | _____ |
| 3. Safety guards were not installed around the chain on a chain saw. | _____ |
| 4. After being defrauded by a business, a consumer has no legal recourse. | _____ |
| 5. When shopping for a computer, a consumer cannot find any comparative information. | _____ |
| 6. A telemarketing salesperson cannot tell a caller how much an on-line service would cost. | _____ |

Applying Critical Thinking Skills

Fairness should be the goal in the resolution of consumer problems. This means that the solution should be fair both to the consumer and to the business involved. Write your solution to each of the following three problems, using fairness as your guide.

1. You went to your local discount store and purchased toothpaste, cologne, and cookies. These items were placed in a plastic bag. You took the plastic bag with your purchased items out to your car, but on the way, the bag broke. Your bottle of cologne shattered and your cookies were crumbs. You go back to the store and request another bottle of cologne and bag of cookies.

2. A telephone company put your 800 number in someone else's advertisement in the new telephone directory. You are receiving about 15 calls a day that are not related to your business. Because these calls are 800 number calls, they are charged to your business telephone bill. Since this telephone directory will be used for one year, significant costs to your business are expected.

3. You purchased a CD-ROM player at a close-out sale. One of the terms of the close-out sale is that the CD-ROM players cannot be returned. You asked the salesperson if the CD-ROM player would work on a Macintosh computer. The salesperson said yes. You purchased the CD-ROM but after getting it home, you realize it doesn't work with your computer. On closer examination of the CD-ROM box, you see that the CD-ROM is for IBM and IBM-compatible computers only.

Applying Resources

U.S. taxpayers are demanding that a growing proportion of tax dollars be spent on government consumer protection services. Businesses and private agencies also are extending their services to help consumers get the most from the money they spend for goods and services. This exercise is designed to help you become better acquainted with federal consumer services. The names of several of these agencies and some of their services are given in the table that follows. Some of the agencies have not been presented in the text, and it will be necessary for you to review recent consumer publications in the library in order to complete the exercises.

Match the Federal Agencies in Column 1 with the Consumer Services they provide in Column 2.

COLUMN 1	COLUMN 2
<i>Federal Agencies</i>	<i>Consumer Services</i>
A. Federal Aviation Administration (FAA)	1. Regulation of federally chartered credit unions
B. Office of Consumer Affairs (OCA)	2. Regulation of cosmetics labeling
C. Department of Transportation (DOT)	3. Regulation of television
D. U.S. Postal Service (USPS)	4. Setting and enforcing standards for water quality
E. Federal Trade Commission (FTC)	5. Referring consumer problems to appropriate agencies
F. Food & Drug Administration (FDA)	6. Ensuring against illegal use of the mail
G. Environmental Protection Agency (EPA)	7. Promotion of air transportation safety
H. Securities & Exchange Commission (SEC)	8. Setting safety standards for motor vehicles ...
I. Department of the Interior (USDI)	9. Conservation of wildlife
J. Department of the Treasury (USDT)	10. Protection against counterfeiting
K. Department of Housing & Urban Development (HUD)	11. Protection against discrimination in housing ..
L. National Credit Union Administration (NCUA)	12. Regulation of sales of securities
M. Federal Communications Commission (FCC)	13. Regulation of flammable fabrics
	14. Regulation of antibiotics
	15. Air pollution control

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